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 FM AMEMBASSY COLOMBO
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 INFO RUEATRS/DEPT OF TREASURY WASHDC
 RUCPDOG/DEPT OF COMMERCE WASHDC
 RUEHNE/AMEMBASSY NEW DELHI 3029
 RUEHKA/AMEMBASSY DHAKA 1663
 RUEHIL/AMEMBASSY ISLAMABAD 8665
 RUEHKT/AMEMBASSY KATHMANDU 6900
 RUEHKP/AMCONSUL KARACHI 2483
 RUEHCG/AMCONSUL CHENNAI 9291
 RUEHLMC/MILLENNIUM CHALLENGE CORPORATION

UNCLAS COLOMBO 000524

SIPDIS

STATE FOR SCA/INSB AND EEB/IFD/OMA
 TREASURY FOR SUSAN CHUN

E.O 12958: N/A

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SUBJECT: MALDIVES REVISED 2009 BUDGET, OFFICIAL FISCAL DATA

REF: A) COLOMBO 489
 B) COLOMBO 395
 C) COLOMBO 273
 D) 08 COLOMBO 1075
 E) 08 COLOMBO 133

¶1. Official fiscal data from the revised 2009 budget approved by the parliament on April 30 has been published. The budget was prepared within a medium term expenditure framework (MTEF) to cover the period 2009-2011. It contains ambitious revenue and deficit targets for 2009. Revenue is estimated to increase sharply by 32% to 56% of GDP, with privatization expected to bring in as much as 40% of revenue. Other key sources of revenue are taxes (import duty and tourism related taxes) and resort lease rentals. Utilities and services to be privatized (or operated as joint ventures with private sector participation) include the Male' international airport, regional airports, the electricity company, waste management operations, and selected educational institutions.

¶2. Expenditure is budgeted to increase to an extremely high 67% of GDP in 2009. Approximately three quarters of this is comprised of current expenditure, notably payments to government servants and social welfare contributions. Capital expenditure is to be financed mostly by foreign grants and borrowings. The government expects a current account surplus of about 5% of GDP. The overall deficit is estimated at 11% of GDP and represents a marked improvement from the deficit of about 30% of GDP included in the original 2009 budget (ref D). The deficit is to be financed entirely from foreign sources. The revised budget, however, runs the risk of a much larger deficit if planned privatization proceeds do not materialize. According to the MTEF, the deficit is targeted to contract sharply to 4.5% of GDP in 2010 and post a small surplus in 2011.

¶3. FISCAL DATA, 2007-2009: Comparison between the 2007 and 2008 final budgets, and the revised 2009 budget. All figures are in millions of Rufiyaa. Figures in parentheses represent the percentage of GDP. Source: Ministry of Finance and Treasury, Maldives.

	2007	2008	2009 rev.
Revenue	6,527(48)	7,199(45)	9,547(56)
Expenditure and			
Net lending	8,200(61)	9,788(61)	11,369(67)
--Current	6,560	7,943	8,631
--Capital	1,765	2,019	2,745
Deficit	1,673(12)	2,589(16)	1,822(11)

Financing:

Foreign Grants	1,044	557	567
Foreign loans	615	616	1,513
Domestic financing	15	1,414	-258

Exchange rate: 1 USD=12.8 Rufiyaa

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